

April 15, 2019

Ms. Elise McCaleb, Economic Development Manager
City of Signal Hill
2175 Cherry Avenue
Signal Hill, CA 90755

Dear Ms. McCaleb:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Signal Hill Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2019 through June 30, 2020 (ROPS 19-20) to the California Department of Finance (Finance) on January 31, 2019. Finance has completed its review of the ROPS 19-20.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item Nos. 116, 117, and 126 – Various Long-Range Property Management Plan (LRPMP) disposition costs in the total requested amount of \$264,600 is partially allowed. It is our understanding the funding requests relates to properties approved for sale (Property Nos. 2, 3, 5, and 6) and transfer to the City of Signal Hill (City) for future development (Property Nos. 4 and 7) on the Agency's LRPMP. Property disposition costs related to Property Nos. 4 and 7 are ineligible for funding since the properties should have transferred to the City upon approval of the LRPMP on July 1, 2016. The Agency was able to provide documentation to support \$35,000 in property maintenance and disposition costs for the properties approved for sale. Therefore, \$224,600 of the \$264,600 requested is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding on the current ROPS. The disposition costs have been adjusted in the amounts specified below:

| Item No. | Item Name/Project Name | RPTTF Requested | Amount Adjusted | RPTTF Authorized |
|----------|-------------------------|-----------------|-----------------|------------------|
| 116 | LRPMP Disposition Costs | \$ 50,000 | \$ (45,000) | \$ 5,000 |
| 117 | LRPMP Disposition Costs | 45,000 | (15,000) | 30,000 |
| 126 | LRPMP Disposition Costs | 169,600 | (169,600) | 0 |
| Total | | \$264,600 | \$(229,600) | \$35,000 |

- Item Nos. 109, 110, and 123 – Various line items related to bond payments in the total requested amount of \$5,178,075. The Agency inadvertently omitted to request RPTTF for bond debt service payments in the amount of \$670,856 for the ROPS 19-20B period. Therefore, with the Agency's concurrence, to accurately reflect the debt service payments required for the ROPS B period, the debt service requested from RPTTF has been adjusted in the amounts specified on the following page.

| Item No. | Item Name/Project Name | Reserve Balances Authorized | 19-20A RPTTF Authorized | 19-20B RPTTF Authorized | Total Funding Authorized |
|----------|---|-----------------------------|-------------------------|-------------------------|--------------------------|
| 109 | 2015 Subordinate Tax Allocation Refunding Bonds, Series A | \$1,004,001 | \$1,314,624 | \$227,625 | \$2,546,250 |
| 110 | 2015 Subordinate Taxable Tax Allocation Refunding Bonds, Series B | 55,090 | 72,135 | 21,306 | 148,531 |
| 123 | 2017 Tax Allocation Refunding Parity Bonds | 1,183,097 | 1,549,128 | 421,925 | 3,154,150 |
| Total | | \$2,242,188 | \$2,935,887 | \$670,856 | \$5,848,931 |

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF approved in the table on Page 4 includes the prior period adjustment resulting from the Count Auditor-Controller's review of the prior period adjustment form submitted by the Agency.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 19-20. If the Agency disagrees with our determination with respect to any items on the ROPS 19-20, except items which are the subject of litigation disputing our previous or related determinations, the Agency may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available on our website:

<http://dof.ca.gov/Programs/Redevelopment/Meet And Confer/>

The Agency's maximum approved RPTTF distribution for the reporting period is \$10,706,747 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1 through December 31 period (ROPS A period), and one distribution for the January 1 through June 30 period (ROPS B period) based on Finance approved amounts. Since this determination is for the entire ROPS 19-20 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 19-20. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be denied until the matter is resolved.

The ROPS 19-20 form submitted by the Agency and this determination letter will be posted on our website:

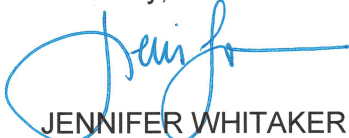
<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 19-20 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from RPTTF is the same as the amount of property tax increment available prior to the enactment of redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in RPTTF.

Please direct inquiries to Kylie Oltmann, Supervisor, or Thong Thao, Lead Analyst, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

cc: Mr. Scott Williams, Finance Director, City of Signal Hill
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Attachment

| Approved RPTTF Distribution For the period of July 1, 2019 through June 30, 2020 | | | |
|---|---------------------|---------------------|----------------------|
| | ROPS A Period | ROPS B Period | ROPS 19-20 Total |
| RPTTF Requested | \$ 7,309,970 | \$ 4,291,647 | \$ 11,601,617 |
| Administrative RPTTF Requested | 325,460 | 0 | 325,460 |
| Total RPTTF Requested | 7,635,430 | 4,291,647 | 11,927,077 |
| RPTTF Requested | 7,309,970 | 4,291,647 | 11,601,617 |
| <u>Adjustments</u> | | | |
| Item No. 109 | 0 | 227,625 | 227,625 |
| Item No. 110 | 0 | 21,306 | 21,306 |
| Item No. 116 | (20,000) | (25,000) | (45,000) |
| Item No. 117 | (10,000) | (5,000) | (15,000) |
| Item No. 123 | 0 | 421,925 | 421,925 |
| Item No. 126 | (169,600) | 0 | (169,600) |
| | (199,600) | 640,856 | 441,256 |
| RPTTF Authorized | 7,110,370 | 4,932,503 | 12,042,873 |
| Administrative RPTTF Authorized | 325,460 | 0 | 325,460 |
| Total RPTTF Authorized for Obligations | 7,435,830 | 4,932,503 | 12,368,333 |
| Prior Period Adjustment | (1,661,586) | 0 | (1,661,586) |
| Total RPTTF Approved for Distribution | \$ 5,774,244 | \$ 4,932,503 | \$ 10,706,747 |